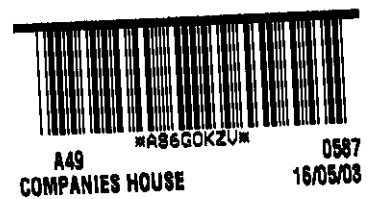


Registration number 3807491

Classic Security (UK) Limited

Director's report and financial statements

for the year ended 31 July 2002



Classic Security (UK) Limited

Company information

Director	C Thompson
Secretary	P Townsley
Company number	3807491
Registered office	Classic House Mendips, The Common Dunsfold, Nr Godalming Surrey, GU8 4LA
Auditors	Leslie Michael Lipowicz & Co. Accounts House 16 Dalling Road Hammersmith London W6 OJB
Business address	Classic House Mendips, The Common Dunsfold, Nr Godalming Surrey, GU8 4LA

Classic Security (UK) Limited

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Classic Security (UK) Limited

Director's report for the year ended 31 July 2002

The director presents her report and the financial statements for the year ended 31 July 2002.

Principal activity

The principal activities of the company were that of providing security and arboricultural maintenance services.

Director and her interest

The director who served during the year and her interest in the company are as stated below:

	Ordinary shares	
	31/07/02	01/08/01
C Thompson	1	1

Director's responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable her to ensure that the financial statements comply with the Companies Act 1985. She is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

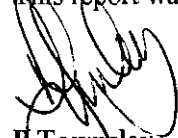
Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Leslie Michael Lipowicz & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

The director recommends that Leslie Michael Lipowicz & Co. remain in office until further notice.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 6 May 2003 and signed on its behalf by



P Townsley
Secretary

Classic Security (UK) Limited

Independent auditors' report to the shareholders of Classic Security (UK) Limited

We have audited the financial statements of Classic Security (UK) Limited for the year ended 31 July 2002 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As described in the statement of director's responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the director report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

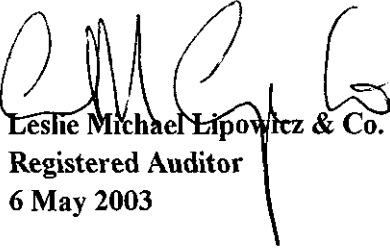
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Classic Security (UK) Limited

Independent auditors' report to the shareholders of Classic Security (UK) Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Leslie Michael Lipowitz & Co.
Registered Auditor
6 May 2003

Accounts House
16 Dalling Road
Hammersmith
London
W6 OJB

Classic Security (UK) Limited

**Profit and loss account
for the year ended 31 July 2002**

		2002	2001
	Notes	£	£
Turnover	2	2,537,712	2,443,647
Cost of sales		(1,883,478)	(1,818,917)
Gross profit		654,234	624,730
Distribution costs		(58,342)	-
Administrative expenses		(532,316)	(514,204)
Operating profit	3	63,576	110,526
Other interest receivable and similar income		232	83
Amount written off investments	4	(14,800)	(27,926)
Interest payable and similar charges		(18,485)	(20,330)
Profit on ordinary activities before taxation		30,523	62,353
Tax on profit on ordinary activities	7	(18,371)	(14,388)
Profit on ordinary activities after taxation		12,152	47,965
Dividends		(5,000)	(20,000)
Retained profit for the year		7,152	27,965
Retained profit brought forward		54,142	26,177
Retained profit carried forward		61,294	54,142

The notes on pages 6 to 11 form an integral part of these financial statements.

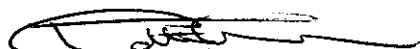
Classic Security (UK) Limited

**Balance sheet
as at 31 July 2002**

		2002		2001	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	8		12,000		15,000
Tangible assets	9		282,196		308,217
			<u>294,196</u>		<u>323,217</u>
Current assets					
Debtors	10	574,644		452,450	
Investments	11	-		10,000	
Cash at bank and in hand		2,115		10,422	
		<u>576,759</u>		<u>472,872</u>	
Creditors: amounts falling due within one year	12	(758,000)		(584,700)	
Net current liabilities			<u>(181,241)</u>		<u>(111,828)</u>
Total assets less current liabilities			112,955		211,389
Creditors: amounts falling due after more than one year	13		(45,204)		(157,237)
Provisions for liabilities and charges	14		(6,447)		-
Net assets			<u>61,304</u>		<u>54,152</u>
Capital and reserves					
Called up share capital	16		10		10
Profit and loss account			61,294		54,142
Shareholders' funds			<u>61,304</u>		<u>54,152</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 6 May 2003 and signed on its behalf by



C Thompson
Director

The notes on pages 6 to 11 form an integral part of these financial statements.

Classic Security (UK) Limited

Notes to the financial statements for the year ended 31 July 2002

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	25 % Reducing balance
Fixtures, fittings and equipment	-	15% Reducing balance
Motor vehicles	-	20% Reducing balance

1.5. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6. Investments

Current asset investments are at the lower of cost and net realisable value.

1.7. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings.

1.8. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the director consider that a liability to taxation is unlikely to materialise.

Classic Security (UK) Limited

**Notes to the financial statements
for the year ended 31 July 2002**

..... continued

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off intangible assets	3,000	3,000
Depreciation and other amounts written off tangible assets	66,228	69,491
Loss on disposal of tangible fixed assets	936	7,652
Auditors' remuneration	6,300	5,500

4. Amounts written off investments

	2002	2001
	£	£
Amounts written off current asset investments	14,800	27,926

5. Director's emoluments

	2002	2001
	£	£
Remuneration and other benefits	17,864	33,769

6. Pension costs

The company operates a defined contribution pension scheme in respect of the director. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £14,427 (2001 - £-).

Classic Security (UK) Limited

**Notes to the financial statements
for the year ended 31 July 2002**

..... continued

7. Tax on profit on ordinary activities

Analysis of charge in period	2002	2001
	£	£
UK corporation tax	11,924	14,388
Total current tax charge	11,924	14,388
Deferred tax		
Timing differences, origination and reversal	6,447	-
Total deferred tax	6,447	-
Tax on profit on ordinary activities	18,371	14,388

8. Intangible fixed assets

	Goodwill	Total
	£	£
Cost		
At 1 August 2001	21,000	21,000
At 31 July 2002	21,000	21,000
Provision for diminution in value		
At 1 August 2001	6,000	6,000
Charge for year	3,000	3,000
At 31 July 2002	9,000	9,000
Net book values		
At 31 July 2002	12,000	12,000
At 31 July 2001	15,000	15,000

Classic Security (UK) Limited

Notes to the financial statements
for the year ended 31 July 2002

..... continued

9. Tangible fixed assets	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 August 2001	24,390	220,957	19,645	137,487	402,479
Additions	-	7,711	30,306	11,886	49,903
Disposals	-	(3,450)	-	(10,995)	(14,445)
At 31 July 2002	24,390	225,218	49,951	138,378	437,937
Depreciation					
At 1 August 2001	-	61,340	3,320	29,603	94,263
On disposals	-	(1,085)	-	(3,665)	(4,750)
Charge for the year	-	38,125	9,387	18,716	66,228
At 31 July 2002	-	98,380	12,707	44,654	155,741
Net book values					
At 31 July 2002	24,390	126,838	37,244	93,724	282,196
At 31 July 2001	24,390	159,617	16,325	107,884	308,216

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2002		2001	
	Net	Depreciation	Net	Depreciation
	book value £	charge £	book value £	charge £
Plant and machinery	55,353	17,807	63,522	21,174
Motor vehicles	75,573	24,191	84,884	28,295
	130,926	41,998	148,406	49,469

Classic Security (UK) Limited

**Notes to the financial statements
for the year ended 31 July 2002**

..... continued

10. Debtors	2002	2001
	£	£
Trade debtors	562,758	435,894
Other debtors	4,356	355
Prepayments and accrued income	7,530	16,201
	<u>574,644</u>	<u>452,450</u>
 11. Current asset investments	 2002	 2001
	£	£
Listed investments	-	10,000
	<u>-</u>	<u>10,000</u>
 12. Creditors: amounts falling due within one year	 2002	 2001
	£	£
Bank overdraft	35,564	45,566
Pension fund loan	1,877	-
Net obligations under finance leases and hire purchase contracts	40,562	50,716
Trade creditors	380,335	275,966
Corporation tax	11,923	14,388
Other taxes and social security costs	107,267	104,770
Other creditors	174,172	86,898
Accruals and deferred income	6,300	6,396
	<u>758,000</u>	<u>584,700</u>
 13. Creditors: amounts falling due after more than one year	 2002	 2001
	£	£
Directors' loan	-	79,136
Other creditors	45,204	78,101
	<u>45,204</u>	<u>157,237</u>

Classic Security (UK) Limited

**Notes to the financial statements
for the year ended 31 July 2002**

..... continued

14 Provisions for liabilities and charges

	Deferred taxation (Note 15) £	Total £
Movements in the year	6,447	6,447
At 31 July 2002	<u>6,447</u>	<u>6,447</u>

15. Provision for deferred taxation

	2002 £	2001 £
Deferred tax charge in profit and loss account	6,447	-
Provision at 31 July 2002	<u>6,447</u>	<u>-</u>

16. Share capital

	2002 £	2001 £
Authorised		
1,000.00 Ordinary shares of 1.00 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
10 Ordinary shares of 1 each	<u>10</u>	<u>10</u>

17. Transactions with Related party

Mr P Townsley, a shareholder of the company, received consultancy fees of £33,290 (2001:£40,900) during the period in review.